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Public Service Commission  
P.O. Box 7845  
Madison, WI 53707-7854

Subject: Quadrennial Planning Process II (5-FE-100)

The City of Milwaukee supports the services and incentives offered through the Focus on Energy (Focus) program and we would like to see a strong commitment from the Public Service Commission and State legislature to support this program going forward. Milwaukee's *Refresh Milwaukee* sustainability plan was a community-driven plan, adopted by the Milwaukee Common Council (file #131035). It outlines energy efficiency and renewable energy goals for both municipal operations and for businesses and residents in our municipal borders. Recognizing the importance of Focus in meeting our sustainability goals, the Milwaukee Office of Environmental Sustainability has closely coordinated its local energy efficiency and renewable energy programs with Focus and routinely refers residents and businesses to Focus programs.

The *Refresh Milwaukee* plan also calls for the City to "Advocate for a sustainable energy future with We Energies, the Wisconsin PSC, and State lawmakers." Each year as a state, we send \$12 billion out-of-state to purchase fossil fuels. Every dollar as a state we spend on energy efficiency and renewable energy is dollar spent on retaining or creating a job for a Wisconsinite. Our comments therefore reflect the feedback we have received from the community and our stakeholders. They also reflect the priority bestowed to energy efficiency and noncombustible renewable energy in State Energy Policy (Wisconsin Statute §1.12). We have direct experience with energy efficiency and noncombustible renewable energy projects. These projects are both cost effective and technically feasible, and are becoming more so every year. With our general support for Focus on Energy on record, the City will address issue areas identified by the Commission in the Quadrennial Planning Process II Scope:

- a. Focus' role in cost-effectively meeting federal carbon standards;
- b. Relative emphasis of energy and demand savings;
- c. Overall energy goal in lieu of kilowatt-hour (kWh) and therm goals;
- d. Rate impact mitigation strategies; and
- e. Renewable energy issues.

### **a. Role of Focus in Positioning Wisconsin to Cost-Effectively Meet Federal Carbon Standards**

Savings from Focus should be allowed to count as a compliance mechanism for meeting federal carbon standards, depending on the final language of those standards, since Focus on Energy provides demand side saving to electricity. While a variety of strategies on both the supply and demand side will likely be necessary to comply with federal carbon standards, Focus' long standing record of delivering energy efficiency should count.

### **b. Energy and/or Demand Emphasis**

The Focus Program Administrator should continue to emphasize energy savings to a greater degree than demand savings. Delivering energy savings rather than demand savings can create year round benefits to the consumer, more directly improves the local and global environment, and can aid compliance with federal carbon standards.

The City of Milwaukee would like further clarification on the following statement in this *Request for Comments*: "In approving the issue as part of the scope, the Commissioners noted that demand reduction was worthy of discussion in light of indications that utilities will be seeking capacity increases in the next five years." In particular, the City of Milwaukee is interested in having a better understanding of which utilities, particularly in southeastern Wisconsin, might be seeking capacity increases. We are not aware of capacity issues from existing power plants, and in fact, note that our local utility is greatly underutilizing current production capacity at its newest facility. As a result, particularly in Southeast Wisconsin, we would take great interest in proposals to build additional power plants reliant on out-of-state fossil fuel sources.

If capacity shortcomings are forecast, then per State Energy Policy priorities, we believe the capacity issue should be addressed by either demand-side energy reduction strategies through Focus on Energy or increased use of renewable energy. There is significant demand among building owners for distributed renewable energy, and if Wisconsin forecasts the need for additional supply capacity, the Commission should strongly consider options for opening the distributed renewable energy market. Increasing support for distributed renewable energy can have a direct impact on capacity issues by reducing peak kW loads.

### **c. Overall Energy Goal Rather than Specific Goals for kWh, kW, and Therms**

An overall energy goal presents more flexibility to the customer than specific therm and kWh goals and is preferable.

### **d. Examine Effective Rate Impact Mitigation Strategies that Could Be Achieved in the Planning Period**

The Request for Comments states, "the Commission determined that adopting conservative funding [for Focus] is a significant means of controlling any rate impacts that may be associated with the statewide energy efficiency and renewable resource programs."

While Focus on Energy is funded as a line item on customer's utility bills, this item is not a significant burden to the customer (including the City of Milwaukee as a customer) relative to the preponderance of the energy bill. The program delivers significant environmental and economic benefits to the state. Demand-side energy efficiency programs can also cost effectively offset the need for building new plant capacity, saving money and the associated negative environmental effects of power plants. Additionally, the PSC should ensure funds allocated to Focus annually are all allocated back to ratepayers to help increase energy savings through energy efficiency and renewable energy investment. While the PSC allows a "rainy day" fund, the vast majority of funds collected annually should be used within the same year for program incentives ratepayers. The Commission could consider other alternatives to control rates such as being more conservative approving the construction of new utility plant capacity which relies on burning fossil fuels sourced from out-of-state.

## **e. Renewable Energy**

### **A. Appropriate goals and funding for Renewable Resource Programs**

The State Energy Policy (§1.12) prioritizes non-combustible renewable energy over combustible renewable energy. Consistent with this prioritization and market demand for noncombustible renewable energy, the City of Milwaukee would not recommend that the Commission continue with the recent policy that reserves 75% of the Focus renewable energy budget for Group 1 technologies (biomass, biogas, and geothermal) and 25 percent to Group 2 technologies (wind, solar thermal, and photovoltaic). Rather, we recommend that the Focus administrator have the flexibility to serve market demand for Group 2 technologies, and in doing so, help ensure that all Focus funds reserved for renewable energy are utilized.

The current system for managing the portfolio imposed by the Commission led to the suspension of solar incentives while the overall funding for renewables was not spent. That suspension led to unnecessary disruptions in the solar market, harming Wisconsin businesses that serve the renewable industry and constraining rate payer freedom of choice. Renewable energy incentives need to be consistent and predictable to accommodate long lead times needed to plan and implement renewable energy projects in the market. This consistency will ensure stable market growth and ensure expending all of the allocated funds.

### **B. Renewable Resource Program Cost Effectiveness**

In general, the City agrees that incentives for renewable energy should meet the same cost effectiveness criteria as energy efficiency. However, in both cases, "cost effectiveness" should include "external" cost savings to the environment and Wisconsin health care system, relative to external effects of Wisconsin's fleet of coal power plants. Renewable incentives should be made available to the public but at a value per kWh/therm that is on par with energy efficiency technologies.

## **Additional Thoughts:**

Through programs initially developed through federal American Recovery and Reinvestment Act grants, the City of Milwaukee has developed and implemented energy efficiency and renewable energy financing products that alleviate the upfront cost of these investments. Rather than creating traditional revolving loan funds for financing, the City of Milwaukee had developed approaches for using limited public funds to leverage large amounts of private loan capital. While financing is not a substitute for

incentives, we recommend Focus on Energy be allowed to use a portion of its funds to financing energy efficiency and renewable energy.

The City of Milwaukee Office of Environmental Sustainability would be willing to provide additional information on its experience with these programs so that they could be expanded statewide through Focus. Additionally, the utilities themselves could play a greater role in energy efficiency financing if the Commission allowed them to make a rate of return on energy efficiency investments in the same manner as they support a rate of return on plant investments. This would enhance ratepayer freedom of choice to best meet their energy priorities and encourage utilities to be more selective in their proposals to build additional capacity.

Finally, in our experience, the programs Focus on Energy currently offers to businesses are too fragmented by market segment (multifamily, small business, chains and franchises, large energy users, general business). Focus may consider consolidating these categories into a structure that is easier to access for the average customer.

Thank you for the opportunity to provide comments on this docket. The Office of Environmental Sustainability is available to discuss these matters at 414-286-3351 or [mhoward@milwaukee.gov](mailto:mhoward@milwaukee.gov)

Sincerely,

 For Matt Howard

Matthew Howard  
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